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from income or from capital assets or in any other manner by the public service commission in setting or regulating rates that may be charged by the public utilities pursuant to this chapter. This section does not apply to advertising that encourages the conservation of energy or product safety or informs the public of the availability of alternative forms of energy or recommends usage at times of lower rates or lower demand. Furthermore, for communications public utilities, the provisions of this section do not apply to advertising that relates to special equipment that is available to aid persons with disabilities or to special services that are designed to protect the public health, welfare, and safety, to promote more efficient use of a communications system, or to promote increased use of regulated communications services.

History: En. 70-121.1 by Sec. 1, Ch. 297, L. 1975; R.C.M. 1947, 70-121.1; amd. Sec. 1, Ch. 452, L. 1989; amd. Sec. 75, Ch. 472, L. 1997.

#### Cross-References

Credit for energy-conserving investments, 15-30-125.

Credit for energy-conserving expenditures, 15-32-109.

Credit for installing alternative energy system, Title 15, ch. 32, part 2.

Home weatherization programs, Title 90, ch. 4, part 2.

**69-3-308. Disclosure of taxes and fees paid by customers of public utility — automatic rate adjustment and tracking for taxes and fees.** (1) A public utility may separately disclose in a customer's bill the amount of state and local taxes and fees assessed against the public utility that the customer is paying.

(2) (a) (i) The commission shall allow a public utility to file rate schedules containing provisions for the automatic adjustment and tracking of Montana state and local taxes and fees, except state income tax, paid by the public utility. The resulting rate schedule changes must include:

(A) adjustments for the net change in federal and state income tax liability caused by the deductibility of state and local taxes and fees;

(B) retroactive tax adjustments; and

(C) adjustments related to the resolution of property taxes paid under protest.

(ii) The rate schedules must include provisions for annual rate adjustments, including both tax increases and decreases.

(b) The amended rates must automatically go into effect on January 1 following the date of change in taxes paid on an interim basis, subject to any adjustments determined in subsection (2)(c).

(c) The amended rate schedule must be filed with the commission on or before the effective date of the change in taxes paid, and if the commission determines that the revised rate schedule is in error, the commission may, within 45 days of receipt of the revised rate schedule, ask for comment and order the public utility to address any errors or omissions including, if necessary, any refunds due customers.

(d) Failure of the commission to issue an order pursuant to subsection (2)(c) is considered approval on the part of the commission.

(e) A public utility may challenge an order issued by the commission under subsection (2)(c) in accordance with the provisions of 69-3-401 through 69-3-405.

History: En. Sec. 1, Ch. 570, L. 2003.

**69-3-309 reserved.**

**69-3-310. Rulemaking authority.** The commission may adopt rules to implement this part.

History: En. Sec. 8, Ch. 210, L. 1991.

**69-3-311 through 69-3-320 reserved.**

**69-3-321. Complaints against public utility — hearing.** (1) The commission shall proceed, with or without notice, to make such investigation as it may deem necessary upon a complaint made against any public utility by any mercantile, agricultural, or manufacturing society or club; by any body politic or municipal organization or association, the same being interested; or by any person, firm, or corporation, provided such person, firm, or corporation is directly affected thereby, that:

(a) any of the rates, tolls, charges, or schedules or any joint rate or rates are in any way unreasonable or unjustly discriminatory;

(b) any regulations, measurements, practices, or acts whatsoever affecting or relating to the production, transmission, delivery, or furnishing of heat, light, water, power, or regulated telecommunications service, or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory; or

(c) any service is inadequate.

(2) No order affecting such rates, tolls, charges, schedules, regulations, measurements, practices, or acts complained of shall be entered without a formal hearing, except the commission may issue an order to provide service to a residential consumer pending a hearing on a complaint by such consumer or by the consumer counsel on behalf of such consumer against a public utility, providing that the hearing is held within 20 days unless further delayed by consent of all parties.

History: En. Sec. 17, Ch. 52, L. 1913; re-en. Sec. 3897, R.C.M. 1921; re-en. Sec. 3897, R.C.M. 1935; amd. Sec. 1, Ch. 138, L. 1975; R.C.M. 1947, 70-119(part); amd. Sec. 14, Ch. 546, L. 1985.

**Cross-References**

Witness fees and mileage, 26-2-501, 26-2-505.

**69-3-322. Treatment of multiple complaints.** When complaint is made of more than one rate, charge, or practice, the commission may, in its discretion, order separate hearings upon the several matters complained of and at such times and places as it may prescribe.

History: En. Sec. 19, Ch. 52, L. 1913; re-en. Sec. 3899, R.C.M. 1921; re-en. Sec. 3899, R.C.M. 1935; R.C.M. 1947, 70-121(part).

**69-3-323. Complaint by public utility.** Any public utility may make complaint as to any matter affecting its own product or service with like effect as though made by any mercantile, agricultural, or manufacturing society; body politic or municipal organization; or person. Notice of the hearing upon any such complaint shall be given to the persons interested in such manner as the commission may by rule prescribe.

History: En. Sec. 19, Ch. 52, L. 1913; re-en. Sec. 3899, R.C.M. 1921; re-en. Sec. 3899, R.C.M. 1935; R.C.M. 1947, 70-121(part).

**Cross-References**

Adoption and publication of rules, Title 2, ch. 4, part 3.

**69-3-324. Initiation of action by commission itself.** The commission may at any time, upon its own motion, investigate any of the rates, tolls, charges, rules, practices, and services and after a full hearing as provided in this part may make by order such changes as may be just and reasonable, the same as if a formal complaint had been made.

History: En. Sec. 19, Ch. 52, L. 1913; re-en. Sec. 3899, R.C.M. 1921; re-en. Sec. 3899, R.C.M. 1935; R.C.M. 1947, 70-121(part).

**69-3-325. Notice of hearing.** The commission shall give the public utility and the complainant or complainants at least 10 days' notice of the time when and the place where such hearing will be held.

History: En. Sec. 17, Ch. 52, L. 1913; re-en. Sec. 3897, R.C.M. 1921; re-en. Sec. 3897, R.C.M. 1935; amd. Sec. 1, Ch. 138, L. 1975; R.C.M. 1947, 70-119(part).

**Cross-References**

Fees, 69-1-114, 69-3-204.

**69-3-326. Conduct of hearing.** At the hearing both the complainant and the public utility shall have the right to appear by counsel or otherwise and be fully heard. Either party shall be entitled to an order by the commission for the appearance of witnesses or the production of books, papers, and documents containing material testimony. Witnesses appearing upon the order of the commission shall be entitled to the same fees and mileage as witnesses in civil cases in the courts of the state, and the same shall be paid out of the state treasury in the same manner as other claims against the state are paid. No fees or mileage shall be allowed unless the chairman of the commission shall certify to the correctness of the claim.

History: En. Sec. 17, Ch. 52, L. 1913; re-en. Sec. 3897, R.C.M. 1921; re-en. Sec. 3897, R.C.M. 1935; amd. Sec. 1, Ch. 138, L. 1975; R.C.M. 1947, 70-119(part).

**Cross-References**

Witness fees in courts of record, 26-2-501.

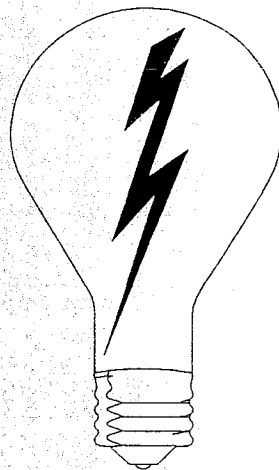
Expert witnesses, 26-2-505.

Records of public utilities, 69-3-202.

YEAR ENDING 2005

ANNUAL REPORT  
OF  
Montana-Dakota Utilities Co.

ELECTRIC UTILITY



TO THE  
PUBLIC SERVICE COMMISSION  
STATE OF MONTANA  
1701 PROSPECT AVENUE  
P.O. BOX 202601  
HELENA, MT 59620-2601

## MONTANA EARNED RATE OF RETURN

Year: 2005

	Description	Last Year	This Year	% Change
1	Rate Base			
2	101 Plant in Service 1/	\$148,619,567	\$153,610,289	3.36%
3	108 (Less) Accumulated Depreciation 2/	93,358,003	99,096,092	6.15%
4				
5	<b>NET Plant in Service</b>	<b>\$55,261,564</b>	<b>\$54,514,197</b>	<b>-1.35%</b>
6				
7	CWIP in Service Pending Reclassification	\$346,749	\$423,887	22.25%
8				
9	Additions			
10	151 Fuel Stocks	\$802,176	\$858,931	7.08%
11	154, 156 Materials & Supplies	1,226,146	1,266,038	3.25%
12	165 Prepayments	52,443	35,477	-32.35%
13	Other Additions			
14				
15	<b>TOTAL Additions</b>	<b>\$2,080,765</b>	<b>\$2,160,446</b>	<b>3.83%</b>
16				
17	Deductions			
18	190 Accumulated Deferred Income Taxes	\$11,373,992	\$9,948,899	-12.53%
19	252 Customer Advances for Construction	183,767	171,785	-6.52%
20	255 Accumulated Def. Investment Tax Credits	433,144	329,920	-23.83%
21	Other Deductions			
22				
23	<b>TOTAL Deductions</b>	<b>\$11,990,903</b>	<b>\$10,450,604</b>	<b>-12.85%</b>
24	<b>TOTAL Rate Base</b>	<b>\$45,698,175</b>	<b>\$46,647,926</b>	<b>2.08%</b>
25				
26	<b>Net Earnings</b>	<b>\$4,480,254</b>	<b>\$4,330,281</b>	<b>-3.35%</b>
27				
28	<b>Rate of Return on Average Rate Base</b>	<b>9.96%</b>	<b>9.38%</b>	<b>-5.82%</b>
29				
30	<b>Rate of Return on Average Equity</b>	<b>11.82%</b>	<b>10.41%</b>	<b>-11.93%</b>
31				
32	Major Normalizing Adjustments & Commission			
33	<u>Ratemaking adjustments to Utility Operations 3/</u>			
34				
35	<u>Adjustment to Operating Revenues</u>			
36	Late Payment Revenues	\$11,127	\$17,961	61.42%
37				
38	<u>Adjustment to Operating Expenses</u>			
39	Elimination of Promotional & Institutional Advertising	(7,915)	(9,369)	18.37%
40	Elimination of Supplemental Insurance		(155,024)	100.00%
41				
42	Total Adjustments to Operating Income	\$19,042	\$182,354	857.64%
43				
44				
45	<b>Adjusted Rate of Return on Average Rate Base</b>	<b>10.01%</b>	<b>9.77%</b>	<b>-2.40%</b>
46				
47	<b>Adjusted Rate of Return on Average Equity</b>	<b>11.92%</b>	<b>11.10%</b>	<b>-6.88%</b>

1/ Excludes Acquisition Adjustment of \$2,645,181 for 2004 and \$2,691,139 for 2005.

2/ Excludes Acquisition Adjustment of \$1,929,601 for 2004 and \$2,070,449 for 2005.

3/ Updated amounts, net of taxes.

# Public Service Commission of Montana



**MONTANA-DAKOTA**

UTILITIES CO.

A Division of MDU Resources International, Inc.

400 North 17th Street  
Billings, MT 59101

Volume No. 3

Sheet No. 1

6th Revised

Cancelling 5th Revised

Sheet No. 1

## Electric Service

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Issued: August 20, 1999

(Date)

By: C. Wayne Fox, Vice President -

Regulatory Affairs & General Services

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D99.2.29 - Interim Approval - 12/14/99  
Effective for bills rendered on and after  
January 1, 2000.

SENATE BILL 189  
(Third Reading Version)

Proposed Amendments of Montana-Dakota Utilities Co.  
(Prepared by John Alke - 4/20/07)

1. Title: Line 5  
Following: "require public utilities to"  
Strike: "file general rate cases"  
Insert: "prepare and file its total cost of providing jurisdictional services"
2. Title: Line 5  
Following: "that following the filings,"  
Strike: "public utilities have the burden of proof"
3. Page 1, line 14  
Following: "require the public utility to"  
Strike: "file an application for a general rate case or some part of a general rate case"  
Insert: "prepare and file, in accordance with commission rules establishing minimum rate filing standards, its total cost of providing jurisdictional services"
4. Page 1, line 15  
Following: "commission"  
Strike: "may"  
Insert: "shall"
5. Page 1, line 16  
Following: "minimum filing requirements."  
Strike: "A public utility filing an application pursuant to this section has the burden of persuading the commission that the rates, schedules, and service proposals contained in the application of the public utility are reasonable and just."
6. Page1,  
Following: line 28  
Strike: line 29 in its entirety